

Message Text

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44

ACTION AF-07

INFO OCT-01 EUR-08 ISO-00 AID-05 CIAE-00 COME-00 EB-04

FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-06

SP-02 CIEP-01 LAB-01 SIL-01 OMB-01 DRC-01 FEA-01

INT-05 SCI-02 SAM-01 IO-04 DODE-00 PA-01 USIA-06

PRS-01 /068 W

----- 119947

R 111445Z OCT 74

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 2961

INFO AMEMBASSY BLANTYRE

AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMEMBASSY LISBON

AMCONSUL LUANDA

AMEMBASSY LUSAKA

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

USMISSION USUN

CINCLANT FOR POLAD

CINCEUR

LIMITED OFFICIAL USE LOURENCO MARQUES 0903

CAPE TOWN FOR EMBASSY

E.O. 11652: NGXA

TAGS: EINV, MZ

SUBJ: US FIRMS PROCEED WITH INVESTMENT PLANS IN MOZAMBIQUE

1. DESPITE SOCIALISTIC CHARACTER OF FRELIMO-DOMINATED TRANSI-
TIONAL GOVERNMENT, PRELIMINARY INDICATIONS ARE THAT THOSE FEW
US FIRMS IN MOZAMBIQUE WHO HAD BEEN PLANNING INVESTMENTS PRIOR
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TO NEW GOVT. ARE PROCEEDING WITH PLANS WITH NO OBSTACLES

BEING PLACED IN THEIR WAY. FOR EXAMPLE:

(A) ACCORDING TO LOCAL AGENT AND FRONT-PAGE ARTICLE IN NOTICIAS OF OCTOBER 11, HUNT PETROLEUM STILL PLANS TO BEGIN OFFSHORE DRILLING FOR PETROLEUM NEAR MOUTH OF ZAMBEZI RIVER IN DECEMBER, 1974. THE NOTICIAS ARTICLE ATTEMPTS TO ANSWER POSSIBLE CRITICISM OF THIS CAPITALISTIC VENTURE AS FOLLOWS: "DESPITE ALL CONTRACTS...LEADING TO OUTFLOW OF FOREIGN EXCHANGE, PETROLEUM CAN EVEN SO BE A PRECIOUS HELP TO THE PUBLIC TREASURY...WHICH WILL PERMIT INCREASE OF STANDARD OF LIVING OF OUR COUNTRY."

(B) PORTUGUESE AFRICA DIRECTOR OF JOHNSON & JOHNSON TOLD US HE WILL RECOMMEND TO HIS HEADQUARTERS PROCEEDING WITH CONSTRUCTION OF NEW FACTORY IN LOURENCO MARQUES. HE SAID MINISTER OF ECONOMIC COORDINATION XARIO GRACA MACHUNGO TOLD HIM MOZAMBIQUE GOVERNMENT: (1) ONLY INTENDS NATIONALIZE INDUSTRIES CONSIDERED VITAL TO MOZAMBIQUE ECONOMY--E.G. CASHEW NUTS, SUGAR, AND COTTON PROCESSING--BUT NOT SMALL INVESTMENTS SUCH AS JOHNSON & JOHNSON'S; AND (2) WILL NOT RESTRICT IMPORTS ANY MORE THAN IN RECENT PAST.

(C) PFIZER LOCAL MANAGER INFORMED US THAT HIS COMPANY HAS DECIDED TO REBUILD FACTORY DAMAGED DURING SEPTEMBER 7-12 CIVIL DISTURBANCES IN LOURENCO MARQUES.

2. COMMENT: IT IS PREMATURE TO DRAW ANY CONCLUSIONS ON LONG-RANGE FRELIMO POLICY TOWARD FOREIGN INVESTMENT. HOWEVER, TRANSITIONAL GOVERNMENT HAS REPEATEDLY MADE IT CLEAR ITS PRINCIPAL CONCERN AT MOMENT IS TO REDUCE OR ELIMINATE UNEMPLOYMENT AND TO REGENERATE MOZAMBIQUE ECONOMY. UNDER CIRCUMSTANCES, IT IS UNLIKELY TRANSITIONAL GOVERNMENT WOULD WANT TO SCARE AWAY FOREIGN INVESTMENT DURING THIS CRUCIAL PERIOD.

WALKER

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Draft Date: 11 OCT 1974
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Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Reason:
Disposition Remarks:
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